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9 UNITED STATES BANKRUPTCY COURT
10 FOR THE EASTERN DISTRICT OF WASHINGTON

11 In re:

12 MENSORIDES DAIRY, LLC, and
13 ART & THERESA MENSORIDES,
14
15 Debtors.

CHAPTER 11

NO. 18-01681-WLH11 LEAD CASE

NO. 18-01683-WLH11

AGWEST FARM CREDIT, PCA AND
FLCA'S OMNIBUS RESPONSE IN
SUPPORT OF MOTIONS (1) TO SELL
DAIRY'S REMAINING HEIFERS
AND MILK COWS; (2) TO SELL
DAIRY'S REAL PROPERTY BY
AUCTION AND CERTAIN RELATED
RELIEF; AND (3) TO SELL DAIRY
EQUIPMENT AND VEHICLES BY
AUCTION

22 **I. INTRODUCTION**

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24 AgWest Farm Credit, PCA and FLCA (together "**AgWest**"), by and though
25 undersigned counsel, Cairncross & Hempelmann, P.S., files this Response in
26 support of the Plan Agent's Motions (1) to Sell Dairy's Remaining Heifers and

AGWEST FARM CREDIT, PCA AND FLCA'S OMNIBUS RESPONSE
IN SUPPORT OF MOTIONS (1) TO SELL DAIRY'S REMAINING
HEIFERS AND MILK COWS; (2) TO SELL DAIRY'S REAL
PROPERTY BY AUCTION AND CERTAIN RELATED RELIEF; AND
(3) TO SELL DAIRY EQUIPMENT AND VEHICLES BY AUCTION - 1

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1 Milk Cows by Auction on a Rolling Basis [Dkt. No. 1067]; (2) to Sell Dairy's Real
2 Property by Auction and Certain Related Relief [Dkt. No. 1070]; and (3) to Sell
3 Dairy Equipment and Vehicles by Auction [Dkt. No. 1071] (collectively, the "**Sale**
4 **Motions**"). This Response is supported by the records and files herein, as well as
5 the Declaration of David Poor ("**Poor Decl.**") filed herewith.
6

7 **II. RESPONSE**

8 AgWest has monitored the financial performance of the Dairy's operations
9 and agrees with the Plan Agent that if those operations cannot be maintained on a
10 cash neutral basis, then the assets should be sold. AgWest defers to the Plan
11 Agent's business judgment concerning the timing and structure of the sale, and
12 ultimately, AgWest supports the Plan Agent's plan to liquidate substantially all
13 assets of the estate through the auction(s) as outlined in the Sale Motions. For the
14 avoidance of doubt, AgWest is affirming that nothing in the Plan Agent's sale
15 motions requests the sale, assignment or transfer of any tangible or intangible
16 assets of value related to the Mensonides interest in Northwest Dairy Association
17 ("NDA" – aka Darigold), including, but not limited to stock in NDA or patronage
18 rights related to such stock.
19
20

21 The Sale Motions set out a plan that could result in a going concern sale of
22 the assets, but also not delay the liquidation of the various categories of assets, in
23 the event a going concern buyer is either unwilling to pay a sufficient amount for
24 the assets or cannot be found. Reducing the total livestock count in advance of the
25 auctions, while maintaining a milking herd, will significantly reduce operating
26

1 costs but retain the opportunity for a prospective buyer looking for a turn-key
2 operation. Moreover, the process proposed by the Plan Agent is designed to
3 significantly reduce the Plan Agent's fees and the fees and costs of professionals
4 assisting the Plan Agent, including vendors such as feed consultant and veterinary
5 services.

6
7 Further, AgWest consents to, and supports, the Plan Agent's proposed
8 reserve of \$2.25 million to cover vendor and supplier invoices as projected, and
9 later confirmed, by the Plan Agent.

10 III. CONCLUSION

11 In light of the foregoing, AgWest respectfully requests that the court grant
12 the Plan Agent's Sale Motions, and sign the accompanying orders as submitted by
13 the Plan Agent.
14

15
16 DATED this 17th day of January, 2023.

17 CAIRNCROSS & HEMPELMANN, P.S.

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19 /s/ John R. Rizzardi

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